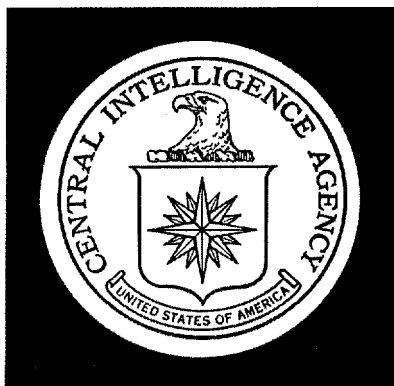


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DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

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Panama: The situation is likely to deteriorate no matter what the Supreme Court rules on the impeachment of President Robles.

The court is scheduled to reconvene today to decide on the constitutionality of the National Assembly's impeachment and guilty verdict against the President. Because of the justices' family and business relationships with both sides in the dispute, it is impossible to predict how the court will rule. It may hold off a decision as long as possible in the belief that a ruling in favor of either side would solve nothing and would probably push the country closer to civil strife. Most observers still believe the ruling will be in President Robles' favor.

Leaders of Arnulfo Arias' National Union (NU) are pushing a two-pronged program. They are preparing more legal moves against the government and at the same time keeping pressure on Robles and the National Guard through demonstrations and disorders. If the court invalidates the assembly's impeachment action, the NU is prepared to impeach the Supreme Court. Plans are also under way to bring criminal charges against Robles, his minister of government, and guard commandant General Vallarino for obstructing the assembly.

Pro-Arias demonstrators clashed with guardsmen in a number of interior cities during the weekend and the NU plans to step up demonstrations to create an "atmosphere of tension" while the Supreme Court is deliberating.

Influential families supporting both sides are increasingly concerned with the situation and believe a take-over by the guard might be the only solution. Those families allied with Arias are worried about the growing influence of leftists and radicals in his camp. They reportedly will stick with Arias as long as he follows legal procedures, but want no part of violence and disorder.

(continued)

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Meanwhile, "President" Delvalle continues to press for recognition. His "foreign minister" sent formal notices to all foreign missions in Panama City announcing that as of 24 March Delvalle assumed the duties of constitutional president. Pro-NU media also report that Delvalle has invited the Organization of American States to send observers to the elections, which are still scheduled for 12 May. [REDACTED]

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USSR-Brazil: The high-level Soviet trade delegation that recently arrived in Brazil is expected to make a number of attractive offers.

The chief of the Soviet aircraft export trust reportedly will offer IL-18D turboprop transport aircraft to the Brazilian Air Force at a substantial discount, and possibly may even offer some MIG-21s. The Soviets also will pursue negotiations with two small Brazilian airlines interested in smaller Soviet transports. It is unlikely that Brazil, which is currently seeking aircraft in the West, will accept these Soviet offers.

It is more likely that Brazil would accept long-standing Russian offers involving electric power and shale-oil development--two programs that have been surveyed by the USSR in recent years. The Soviets may renew and increase their offer of up to \$90 million for financial assistance to a shale-oil project that has been under consideration for some ten years. Brazil would also be interested in exploring an expected Soviet offer to construct a nuclear power plant.

The Soviets want Brazil to utilize some portion of the \$100-million trade credit extended in 1966, an idea recently seconded by Brazil's foreign minister. Soviet-Brazilian trade, which has been essentially the exchange of petroleum for coffee, cocoa, and cotton, has been at the rate of about \$60-65 million annually in recent years. [REDACTED]

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Egypt: Nasir's plan for political reform will probably meet with considerable skepticism, and may not completely satisfy popular calls for greater political freedoms.

In a major address to the nation on 30 March, Nasir rejected any thought of disbanding Egypt's sole mass political organization, the Arab Socialist Union (ASU). Instead he stressed its importance as the most suitable organ for "mobilizing the people's forces through and on the basis of democracy," and called for popular elections of ASU representatives.

Nasir also outlined his views on the need to promulgate a new constitution, which is to be drafted by the ASU National Congress and will contain a number of guaranteed political and social rights. He called for a general referendum to be held on 2 May to approve his "30 March 1968 program," after which the promised elections are to be held.

Despite his current promises and the reforms Nasir has already made, politically aware elements in Egypt are unlikely to see any prospect of a real shift to a democratic society. Nasir's previous attempts to create representative and meaningful mass political organizations have not met with great success, and this effort may not fare any better.

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NOTES

Jordan: King Husayn's government is reportedly under continuing pressure to lessen its close identification with the West, and particularly the US. [REDACTED]

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[REDACTED] To undercut these and other pressures, Jordan on 26 March extended an invitation to Soviet Defense Minister Grechko to visit Jordan during his current tour of the Middle East. Grechko's response is not known. [REDACTED]

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Dahomey: Growing dissension among the young military men who have governed Dahomey since they overthrew the Soglo regime in December may lead to a new and more dangerous round of political turmoil this week when the results of yesterday's constitutional referendum become known. Southern officers see the referendum as a step by President Alley toward turning the government over to a northern-dominated civilian dictatorship. The removal of Alley, who seems increasingly estranged from even his fellow northern officers, might lead to a papering over of the army split.

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Cyprus: Prospects for talks between representatives of the Greek and Turkish communities are better than they have been at any time since December 1963 when violence disrupted the existing uneasy political situation on the island. Preliminary contacts between the groups have been aided by the steady decrease in tension since last November. Much distrust and suspicion remains between the two communities, however, and no easy solution of their basic differences is in sight. [REDACTED]

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